



CONSUMER SENTIMENT INDEX, MARCH 2018

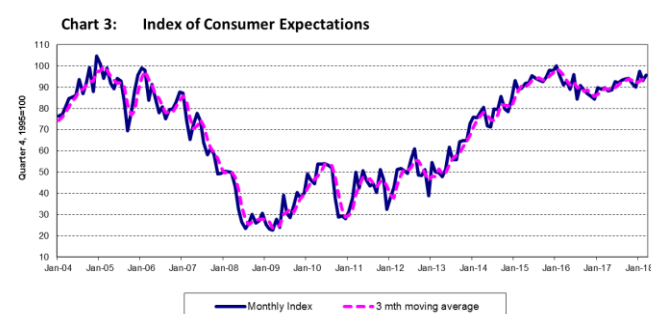
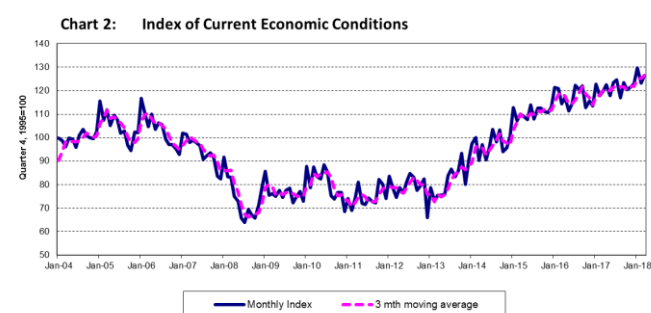
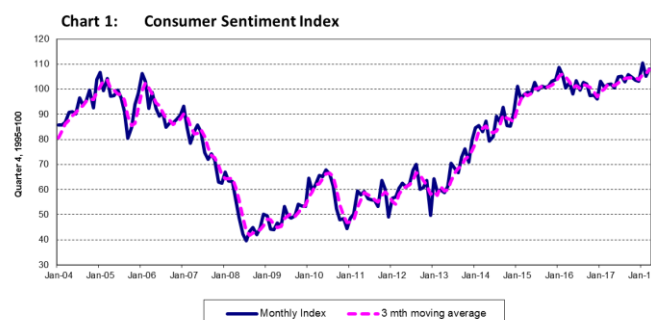


March 2018 showed signs of improvements in consumer confidence across all three indicators. The Consumer Sentiment Index (Chart 1) increased to 108.1, rising by 2.8 index points on a monthly basis. The major gain in positive sentiment for March was driven primarily by an improved outlook for the labour market, although attitudes towards future financial circumstances and major purchases also played a role. Expectations of future growth and perceptions of current financial circumstances were weaker.

Current Economic Situation

The Index of Current Economic Conditions tracks developments in consumer's personal financial situation over the past 12 month as well as their views on whether the present represents a good time to make major purchases. The Index (Chart 2) increased by 3.2 index points to 126.4 for March 2018. While positive perceptions of financial circumstances deteriorated slightly on a monthly basis, this loss was more than compensated for by the 7.3 index point rise in positive sentiment towards major household purchases. On an annual basis, both measures of current circumstances also saw improvements, as highlighted in Table 1.

The Index of Consumer Expectations tracks consumers' outlook with respect to future economic developments over the next year, taking into account respondents' expectations of their future personal finances as well as of the broader economy's performance. The Index (Chart 3) showed a similar improvement of 2.6 index points, rising to 95.7 in March. Unemployment prospects experienced a major gain in positive sentiment as the economy looks likely to transition below the 6 per cent unemployment milestone. Attitudes towards future economic growth saw a minor weakening of 2.2 per cent between February and March.



Personal Financial Situation

Relative to February, less households indicated that their personal financial situation improved over the last 12 months (-1.9 index points). However, perceptions of future financial circumstances improved significantly, rising by 5.6 index points on a monthly basis to 122.7. Moving beyond monthly variation, the overall picture paints a rather stable, yet positive, scene for future expectations of financial situations, with strongly positive sentiment remaining resiliently high since November 2015. Current financial circumstances relative to the past have also improved, showing a far stronger upward trend in positive sentiment since November 2016.

Table 1: Survey Index Results

Measure ¹	Long-Run average ²	Δ month-on-month	Mar. 2017	Feb. 2018	Mar. 2018
Overall Consumer Sentiment Index	93.4	↑2.8	101.9	105.2	108.1
Index of Current Conditions	107.6	↑3.2	119.7	123.3	126.4
Index of Consumer Expectations	83.9	↑2.6	89.9	93.1	95.7
Personal Financial Situation over last 12 months	83.0	↓1.9	104.4	111.3	109.4
Personal Financial Situation over next 12 months	102.3	↑5.6	125.0	117.1	122.7
General Economic Outlook	66.2	↓2.2	62.8	71.8	69.7
Outlook for Unemployment	87.5	↑6.4	85.2	94.7	101.0
Major Purchases	128.0	↑7.3	132.3	133.2	140.5

(1) Index values: Quarter 4, 1995 = 100.

(2) Average value between March 2013 and March 2018

Disclaimer

This report has been reviewed prior to publication. The authors are solely responsible for the content and the views expressed.

Notes

The Index of Consumer Expectations is based on consumers' perceptions of their future financial situation, their economic outlook for the country as a whole and employment expectations. The Index of Current Economic Conditions is based on how consumers feel about their current financial circumstance compared with 12 months ago, as well as their perception of the current buying environment for large household purchases.

The data are obtained from telephone interviews during the first two weeks of the month with around 800 completed questionnaires. The data are re-weighted in line with gender, age and level of educational attainment to ensure the data were fully representative of the national population of adults. Each index is calculated by computing the relative scores (the percent giving favourable replies minus the percent giving unfavourable replies (the balance), plus 100) for each question used in the different indices. Those who reply "Don't Know", "Remain the same" are excluded from the index calculations. Each relative score is rounded to the nearest whole number. The sum of the relative scores is then divided by the base period total for each index. More details on www.esri.ie.

For further information contact

Austin Hughes – Chief Economist, KBC Bank Ireland – (01) 664 6889

or

Philip Economides – Research Assistant, ESRI – (01) 863 2045

Conor O'Toole – Senior Research Officer, ESRI – (01) 863 2046

Historic data from April 1996 are available on the ESRI website, www.esri.ie and on the KBC Bank Ireland website, www.kbc.ie. A detailed methodology note outlining how the indices are constructed and the most recent release are also available on the website.

KBC Bank Ireland, Sandwith Street, Dublin 2, Tel: 01-664 6889, Fax: 01-664 6898, Web: www.kbc.ie

ESRI, Whitaker Square, Sir John Rogerson's Quay, Dublin 2, Tel: 01-863 2000, Web: www.esri.ie